

Financial Reporting Standard Board

Date: Wednesday, September 25, 2013

Time: 9:00 a.m. – 12:00 p.m.

Location: The Comptroller's Office at 325 West

Meeting Minutes

September 25, 2013

Present: Board members - Dan Cadigan, William Crowley, Larry Lascody, Don Templeman, Sean Vinck, Bob Grogan
IOC staff - Katie Madonia, Steve Valasek, Monique Wantland
Visitors - Carol Kraus, Roma Larson, Scott Harper

- I. Opening remarks by Comptroller
 - A. History of IOC involvement
 - B. Governor is supportive of FRSB
 - C. Comptroller's recommendations to FRSB:
 - i) Research what other States are doing
 - ii) Plan ahead for legislation proposals
 - iii) Reach out to Bill Holland and OAG
 - iv) Utilize IOC and Governor's resources
- II. Introductions
 - A. Board members introduced
 - B. IOC staff introduced
 - C. Visitors introduced
- III. Contact Information
 - A. IOC will disseminate contact information to all board members
 - B. IOC will disseminate contact information upon request by outside inquiries
- IV. Administrative Issues
 - A. IOC will supply a secretary to the Board
 - B. IOC will continue to post meeting notices, agendas, and minutes at all three IOC locations
 - C. Sean Vinck will research the possibility of developing a webpage for the Board
 - i) Sean will present a prototype at the next meeting.
 - D. Board members should complete travel vouchers immediately after the meeting

- i) The IOC will scan and e-mail approved travel vouchers to board members
- V. Open Meetings Act
- A. The Board is required to post notices of the meeting, agendas, and minutes of the meetings.
 - i) The Board has met this requirement
 - B. Board members are required to complete training
 - i) All but one member has completed training
 - ii) As three or more Board members may constitute a quorum, members must be careful not to violate the Open Meeting Act.
- VI. General Overview of the State of Illinois Financial Reporting
- A. Copies of the FY 12 CAFR were distributed to Board members
 - B. Copies of the OAG Performance Audit of the State of Illinois Financial Reporting were made available to Board members
 - C. Director of Financial Reporting - Katie Madonia gave a brief overview of the CAFR preparation process including:
 - i) A description of the WEDGE system
 - ii) Timing of load, roll out, and submission of GAAP packages
 - iii) Training of agency staff
 - iv) IOC review process
 - (1) Use of outside firm for first reviews
 - D. Katie Madonia gave a briefing on last year's CAFR cycle
 - i) Directors of agencies delinquent in submissions past October 31 are now required to submit an action plan that is posted on the IOC website – new requirement helped to facilitate agency cooperation in meeting deadlines
 - ii) Draft combined financial statements and footnotes were submitted by the IOC to the OAG for review much more timely in FY12 than in previous fiscal years – submissions in November and December
 - iii) A majority of the departmental audits were not finalized until after December 31. Significant audit issues at a few key agencies delayed release of CAFR until May 31, 2013.
 - E. Board discussed reasons for delays in the CAFR process
 - i) Agencies are understaffed
 - ii) Agencies staff are not trained
 - iii) Delays in Departmental audits – by both the auditees and the auditors
 - iv) Significant audit issues arise late in the engagement

- v) Audit extensions cause significant delays due to Audit firms prior commitments in January
 - vi) A bill was enacted that required review of pension actuarial reports by a state actuary. State actuarial report deadline is after targeted CAFR completion date of 12/31.
- F. Katie Madonia gave a briefing on the current year's CAFR cycle
- i) Of the approximately 950 GAAP packages required to be submitted to date, 4 had not yet been received.
 - ii) Of those received, 90% have been through first review, 80% have been through second review, and 60% have been finalized
 - iii) Department financial statements and footnotes of the significant agencies are due October 15, 2013.
- G. IOC current steps to streamline the process
- i) Increased training opportunities
 - ii) Increased communication with OAG on status of audits and on audit issues
 - iii) Increased communication with GOMB on audit issues
 - iv) Hosting NASACT webinars on current topics for state agency employees
 - v) Continually enhancing the WEDGE system
- H. Board discussed possible solutions to streamline the process
- i) Accelerate audit issues to the proper level of mgmt. in a timely manner
 - ii) Possible technological solutions
 - iii) Identify staffing needs at state agencies
- VII. Statutory Powers of the Board – 30 ILCS30/15
- A. Tabled until next meeting
- VIII. Implementing SB3974 (Personnel)
- A. Sean gave brief overview of new position classification
- B. Board discussed implications of a non-union position classification
- IX. Internal Audits of the GAAP Process – 30 ILCS 30/20
- A. Internal Audits will be submitted to the Comptroller's Office and will be made available to the Board members
- B. The Comptroller's Office will handle notification through an Accounting Bulletin and through communication at the upcoming internal audit conference
- i) Discussed the potential review of submitted reports to identify best practices and future guidance

- X. Scheduling of next meeting of the Board
 - A. Tentative date: Thursday October 24, 2013
 - B. Time: 9:00 AM – 12:00 PM
 - C. Location: 325 W. Adams, Springfield, IL 62704
 - D. Additional invitees: Auditor General Holland